

SENATE BILL 948

G2, L1, L3

2hr2676
CF HB 1177

By: Senators Raskin, Ferguson, Getty, McFadden, Ramirez, Robey, and
Simonaire

Introduced and read first time: February 13, 2012

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Ethics – Financial Disclosure by Local Elected Officials and County Boards**
3 **of Education**

4 FOR the purpose of authorizing a county, municipal corporation, or school board to
5 limit in a certain manner the required disclosure of interests in certain business
6 entities by local elected officials, members of school boards, and candidates for
7 election or appointment to those offices; and generally relating to financial
8 disclosure requirements for counties, municipal corporations, and school boards
9 under the Maryland Public Ethics Law.

10 BY repealing and reenacting, without amendments,
11 Article – State Government
12 Section 15–607(c)
13 Annotated Code of Maryland
14 (2009 Replacement Volume and 2011 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – State Government
17 Section 15–805 and 15–813
18 Annotated Code of Maryland
19 (2009 Replacement Volume and 2011 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article – State Government**

23 15–607.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) (1) The statement shall include a schedule of each interest held by the
2 individual in a corporation, partnership, limited liability partnership, or limited
3 liability company, whether or not the corporation, partnership, limited liability
4 partnership, or limited liability company does business with the State.

5 (2) For each interest reported, the schedule shall include:

6 (i) the name and address of the principal office of the
7 corporation, partnership, limited liability partnership, or limited liability company;

8 (ii) subject to paragraph (3) of this subsection, the nature and
9 amount of the interest held, including any conditions to and encumbrances on the
10 interest;

11 (iii) except as provided in paragraph (4) of this subsection, if any
12 interest was acquired during the applicable period:

13 1. the date and manner in which the interest was
14 acquired;

15 2. the identity of the entity from which the interest was
16 acquired;

17 3. if the interest was acquired by purchase, the nature
18 and amount of the consideration given for the interest; and

19 4. if the interest was acquired in any other manner, the
20 fair market value of the interest when it was acquired; and

21 (iv) if any interest was transferred, in whole or in part, during
22 the applicable period:

23 1. a description of the interest transferred;

24 2. the nature and amount of the consideration received
25 for the interest; and

26 3. if known, the identity of the entity to which the
27 interest was transferred.

28 (3) (i) As to an equity interest in a corporation, the individual may
29 satisfy paragraph (2)(ii) of this subsection by reporting, instead of a dollar amount:

30 1. the number of shares held; and

31 2. unless the corporation's stock is publicly traded, the
32 percentage of equity interest held.

(ii) As to an equity interest in a partnership, limited liability partnership, or limited liability company, the individual may satisfy paragraph (2)(ii) of this subsection by reporting, instead of a dollar amount, the percentage of equity interest held.

(4) If an interest acquired during the applicable reporting period consists of additions to existing publicly traded corporate interests acquired by dividend or dividend reinvestment, and the total value of the acquisition is less than \$500, only the manner of acquisition is required to be disclosed under paragraph (2)(iii) of this subsection.

15-805.

(a) (1) In this section the following words have the meanings indicated.

(2) "Elected local official" includes:

(i) any individual who holds an elective office of a county or municipal corporation; and

(ii) a candidate for elective office as a local official of a county or municipal corporation.

(3) "Local official" includes an individual, designated as a local official, whose position is funded wholly or partly by the State.

(b) (1) Except as provided in paragraph (2) of this subsection and subsection (c) of this section, the financial disclosure provisions enacted by a county or municipal corporation under § 15-803 of this subtitle shall be similar to the provisions of Subtitle 6 of this title, but shall be modified to the extent necessary to make the provisions relevant to the prevention of conflicts of interest in that jurisdiction.

(2) (I) [The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE financial disclosure provisions for elected local officials enacted by a county or municipal corporation under § 15-803 of this subtitle shall be equivalent to or exceed the requirements of Subtitle 6 of this title, but shall be modified to the extent necessary to make the provisions relevant to the prevention of conflicts of interest in that jurisdiction.

(II) 1. WHEN ENACTING FINANCIAL DISCLOSURE PROVISIONS THAT ARE EQUIVALENT TO § 15-607(C) OF THIS TITLE, A COUNTY OR MUNICIPAL CORPORATION MAY LIMIT THE DISCLOSURE OF A LOCAL ELECTED OFFICIAL'S INTEREST IN A CORPORATION, PARTNERSHIP, LIMITED LIABILITY PARTNERSHIP, OR LIMITED LIABILITY COMPANY TO INCLUDE ONLY THOSE CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY PARTNERSHIPS, OR

1 LIMITED LIABILITY COMPANIES THAT DO BUSINESS WITH OR ARE REGULATED
2 BY THE COUNTY OR MUNICIPAL CORPORATION.

3 2. THE PROVISIONS SHALL REQUIRE THAT IF A
4 LOCAL ELECTED OFFICIAL'S INTEREST IN A BUSINESS ENTITY BECOMES
5 DISCLOSABLE AFTER THE REPORTING PERIOD FOR THE MOST RECENT
6 DISCLOSURE STATEMENT, THE LOCAL ELECTED OFFICIAL SHALL DISCLOSE THE
7 INTEREST IN AN AMENDMENT FILED WITHIN 30 DAYS AFTER LEARNING THAT
8 THE INTEREST IS DISCLOSABLE.

9 (c) (1) This subtitle does not compel the governing body of a county or
10 municipal corporation to require a local official to file a financial disclosure statement
11 except:

12 (i) when the personal interest of the local official will present a
13 potential conflict with the public interest in connection with an anticipated public
14 action of the local official; and

15 (ii) at least annually to report on gifts received by the local
16 official.

17 (2) The provisions shall require:

18 (i) that a statement filed under paragraph (1)(i) of this
19 subsection be filed sufficiently in advance of the action to provide adequate disclosure
20 to the public; and

21 (ii) a statement filed by an elected local official under subsection
22 (b)(2) of this section to be filed on or before April 30 of each year.

23 (d) Financial disclosure provisions applicable to a candidate shall be
24 consistent with the provisions applicable to an incumbent holding the office involved.

25 15-813.

26 (a) (1) In accordance with this section, a school board:

27 (i) may adopt financial disclosure regulations applicable to
28 officials and employees of that school system; and

29 (ii) shall adopt financial disclosure regulations applicable to
30 members of the school board.

31 (2) (i) The regulations adopted under paragraph (1)(i) of this
32 subsection shall apply to:

1 1. the superintendent of that school system; and

2 2. subject to subparagraph (iii) of this paragraph, those
3 other officials and employees of that school system designated by the school board.

4 (ii) The regulations adopted under paragraph (1)(ii) of this
5 subsection shall apply to:

6 1. each member of the school board; and

7 2. [if the school board is an elected board under Title 3,
8 Subtitle 1, Part III of the Education Article,] each candidate for election OR
9 APPOINTMENT to the school board.

10 (iii) The regulations may not apply to a classroom teacher unless
11 the teacher has additional duties, not normally expected of classroom teachers, that
12 cause the teacher for other reasons to be covered by the financial disclosure
13 regulations.

14 (b) (1) Except as provided in subsection (c) of this section, the regulations
15 adopted under subsection (a)(1)(i) of this section shall be similar to the provisions of
16 Subtitle 6 of this title, but may be modified to the extent necessary to make the
17 regulations relevant to the prevention of conflicts of interest in that school system.

18 (2) (I) [The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF
19 THIS PARAGRAPH, THE regulations adopted under subsection (a)(1)(ii) of this section
20 shall be equivalent to or exceed the requirements of Subtitle 6 of this title, but may be
21 modified to the extent necessary to make the regulations relevant to the prevention of
22 conflicts of interest in that school system.

23 (II) 1. WHEN ADOPTING FINANCIAL DISCLOSURE
24 PROVISIONS THAT ARE EQUIVALENT TO § 15-607(C) OF THIS TITLE, A SCHOOL
25 BOARD MAY LIMIT THE DISCLOSURE OF A SCHOOL BOARD MEMBER'S OR
26 CANDIDATE'S INTEREST IN A CORPORATION, PARTNERSHIP, LIMITED LIABILITY
27 PARTNERSHIP, OR LIMITED LIABILITY COMPANY TO INCLUDE ONLY THOSE
28 CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY PARTNERSHIPS, OR
29 LIMITED LIABILITY COMPANIES THAT DO BUSINESS WITH OR ARE REGULATED
30 BY THE SCHOOL SYSTEM.

31 2. THE PROVISIONS SHALL REQUIRE THAT IF A
32 MEMBER'S OR CANDIDATE'S INTEREST IN A BUSINESS ENTITY BECOMES
33 DISCLOSABLE AFTER THE REPORTING PERIOD FOR THE MOST RECENT
34 DISCLOSURE STATEMENT, THE MEMBER OR CANDIDATE SHALL DISCLOSE THE
35 INTEREST IN AN AMENDMENT FILED WITHIN 30 DAYS AFTER LEARNING THAT
36 THE INTEREST IS DISCLOSABLE.

1 (c) (1) (i) This paragraph does not compel a school board to require an
2 individual to file a financial disclosure statement except:

3 1. when the personal interest of the individual will
4 present a potential conflict with the public interest in connection with an anticipated
5 public action of the individual; and

6 2. at least annually to report on gifts received by the
7 individual.

8 (ii) The regulations adopted under subsection (a)(1)(i) of this
9 section shall require that a statement filed under subparagraph (i)1 of this paragraph
10 be filed sufficiently in advance of the public action to provide adequate disclosure to
11 the public.

12 (2) The regulations adopted under subsection (a)(1)(ii) of this section
13 shall require that a statement filed by a member of a board of education be filed on or
14 before April 30 of each year.

15 (d) Except as provided for a member of a board of education under this Part
16 II, unless a school board adopts and maintains financial disclosure regulations under
17 this subtitle, the provisions enacted by the county under § 15-805 of this subtitle shall
18 apply to:

19 (1) the superintendent of that school system; and

20 (2) the other officials and employees of the school system that the
21 governing body of that county designates.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 June 1, 2012.